GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1329
ANSWERED ON:02.03.2006
MARKETING OF LPG
Singh Shri Sugrib

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has recently put on hold its decision to authorise some companies to market indigenously produced LPG ;

(b) if so, the details in this regard;

(c) whether GAIL has urged the Government to review its decision on said issue ; and

(d) if so, the action taken by the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) to (d) : The Government had, in February, 2005 granted authorization for marketing of indigenously produced LPG to GAIL India Limited (GAIL), Oil and Natural Gas Corporation (ONGC) and M/s. Reliance Industries Limited (RIL) subject to certain terms and conditions. The terms and conditions of this authorization were further modified in August 2005.

At present, a large proportion of available LPG is supplied as subsidized domestic LPG in the country. In 2004-05, about 96 % of total available LPG was marketed as subsidized LPG. Subsidized LPG is marketed by the oil marketing companies (OMCs) viz., Indian Oil Corporation Ltd. (IOC), Bharat Petroleum Corporation Ltd. (BPC), Hindustan Petroleum Corporation Ltd. (HPC) and IBP Co. (IBP). In addition to the Government subsidy, the oil companies share the burden of subsidizing this product. The new entrants wanted to market commercial / industrial LPG and also subsidy on domestic LPG.

The operational issues related to LPG marketing by new entrants were examined and considering, interalia, the present mechanism of meeting the subsidy on domestic LPG, which constitutes the major chunk of the total LPG marketed in the country, it has been decided not to expand the list of existing companies marketing LPG for the present, and withdraw the authorization to market LPG from GAIL, ONGC and RIL.